

IV. Negotiation Issues

- **Define default operating requirements.** Define the flow, water quality, diversion, and storage rules that will govern operations in the absence of action by the EWA. A key issue will be the form of relationship between b(2) water management program of the CVPIA and the EWA. Can b(2) water be operated within or in coordination with the EWA? A possible solution could be the integration of the two programs.
- **Define the relationship between the EWA and the state and federal projects.** A large percentage of EWA actions will affect or utilize state and federal facilities. The relationship between EWA and the Projects should, therefore, be spelled out in detail. What rights does the EWA have to use surplus capacity. The EWA should be provided access to project facilities. What priority do EWA operations have compared to water transfers or the delivery of unscheduled water? The EWA should be assigned priorities relative to other uses of facilities including water transfers and deliveries of scheduled and unscheduled water. How will the costs of EWA operations be calculated? Cost of EWA use of facilities or indirect effects to water users or operators should be developed. How much debt will EWA be allowed to take on at various location? Limitations on the EWA assuming various types of debt should be developed. Sources of collateral and debt repayment schemes and procedures should be developed. How much debt will the EWA be allowed to carryover into succeeding water years? What are the repercussions if the EWA cannot repay a debt in a timely manner?
- **Define new Stage 1 assets and divide them between the EWA and the water users.** Assets are physical, institutional, and financial mechanisms for modifying water operations. Possible assets include: (1) rights to a share of allowable diversions; (2) rights to a share of conveyance capacity; (3) rights to a share of storage capacity; (4) the right to grant variances to default operating requirements; and (5) contracts for water deliveries or purchases. Implicit is the notion that usable assets must be backed by adequate financial resources. As an example, the right to increased Banks pumping might simply increase SWP assets, or the right (the asset) could be shared with the EWA. Coupled to JPOD, the increase in Banks pumping might also represent a new asset for the CVP.
- **Relationship to ESA and CVPIA agencies.** The governance of the EWA will be heavily determined by the EWA's role within the broader CALFED solution. Is the primary goal of the EWA - to enhance general ecosystem conditions and processes, and/or is the primary goal to protect and enhance endangered species. Governance will also involve asset allocation and debt payment. Will the EWA be required to find replacement water for some or all ESA actions? The EWA could be part of a "no surprises" regulatory assurance and be used as a substitute for separate EWA-type actions. Will the EWA also have upstream responsibilities or be confined to the Delta.
- **Decision Making.** The responsibility for decision making needs to be assigned to existing

or new agencies with some specific ground rules as to how decisions are to be made and for coordination with other agencies and stakeholders.

- **Financing.** *The EWA must have a reliable revenue stream. Sources and form of distribution will need to be defined and developed prior to implementation. ~~How will that revenue be provided? Who will provide the revenue?~~*